



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

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Stan Draper, Chairperson
Hickman Rural Fire Protection District
1500 Olive Creek Drive
Martell, NE 68404

Dear Chairperson Draper:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Hickman Rural Fire Protection District (District) for the fiscal year ending 2024. **That request has been approved.**

However, the District's amount of disbursements for the fiscal year ending June 30, 2024, exceeded our normal threshold (\$500,000) for granting a waiver of the audit requirement. Disbursements for the fiscal year ended 2024, totaled \$577,351, which exceeds the normal audit waiver threshold. Due to the District's submission of supporting documentation for one-time, low risk expenditures, that accounted for a significant percentage of the current year's expenditures, we were able to consider for this year, the District's activity to be low enough to grant the audit waiver request.

However, if the June 30, 2025, fiscal year end disbursements are similar to or greater than the fiscal year 2024's expenditures, or near the budgeted amount for disbursements, an audit of fiscal year end June 30, 2025, may be required. This information is only for your consideration of planning for fiscal year 2025 and forward.

While performing, pursuant to Neb. Rev. Stat. § 84-304 (2024 Neb. Laws, L.B 1143, § 3), the preliminary examination necessary to determine whether further audit work would be required or the audit waiver should be allowed, the APA noted certain internal control or compliance matters, or other operational issues, within the District.

The following information is intended to improve internal controls or result in other operational efficiencies.

Comment and Recommendation

Unclaimed Property and Other Reconciling Items

During review of the District's bank account reconciliation as of June 30, 2024, we noted the reconciliation included 48 checks, totaling \$3,756, that had not cleared the bank account and have been outstanding for more than three years. These checks were issued between 2003 and 2020.

Additionally, we noted an outstanding journal entry, totaling \$45, that was made in 2003 and a deposit in transit, totaling \$600, that was entered in January 2024. While reviewing the bank statements, we noted that this deposit cleared the bank account in January 2024; however, it was still included in the bank reconciliations as a reconciling item.

The Uniform Disposition of Unclaimed Property Act (Act) is set out at Neb. Rev. Stat. §§ 69-1301 to 69-1329 (Reissue 2018, Cum. Supp. 2022). Neb. Rev. Stat. § 69-1307.01 (Reissue 2018) of the Act states the following:

Except as otherwise provided by law, all intangible personal property held for the owner by any court, public corporation, public authority, or public officer of this state, or a political subdivision thereof, that has remained unclaimed by the owner for more than three years is presumed abandoned.

Neb. Rev. Stat. § 69-1310 (Cum. Supp. 2022) provides the following, in relevant part:

(a) Every person holding funds or other property, tangible or intangible, presumed abandoned under the Uniform Disposition of Unclaimed Property Act shall report to the State Treasurer with respect to the property as hereinafter provided.

* * * *

(d) The report shall be filed before November 1 of each year as of June 30 next preceding . . . The property must accompany the report unless excused by the State Treasurer for good cause. The State Treasurer may postpone the reporting date upon written request by any person required to file a report. . . .

Good internal controls require procedures to ensure that unclaimed funds be properly remitted to the State Treasurer in accordance with the Act. Additionally, good internal controls require procedures to ensure that reconciling items are appropriate and reasonable.

Without such procedures, there is an increased risk for not only the loss or misuse of funds but also noncompliance with State statute.

We recommend the District implement procedures to ensure that unclaimed funds be properly remitted to the State Treasurer in accordance with State statute. We further recommend the District implement procedures to ensure that reconciling items are appropriate and reasonable.

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The preliminary planning work that resulted in this letter was designed primarily on a test basis and, therefore, may not bring to light all existing weaknesses in the District's policies or procedures. Nevertheless, our objective is to use the knowledge gained during the performance of that preliminary planning work to make comments and suggestions that we hope will prove useful to the District.

This communication is intended solely for the information and use of the District and its management. It is not intended to be, and should not be, used by anyone other than those specified parties. However, this letter is a matter of public record, and its distribution is not limited.

If you have any questions, please contact **Dakota Christensen at 402-499-8702 or dakota.christensen@nebraska.gov**.

Sincerely,



Mark Avery, CPA
Assistant Deputy Auditor